

The TV playbook for online businesses



thinkbox

Increased ecommerce is arguably the biggest Covid behavioural shift

CITYA.M. ≡

Exclusive: Online retail sales record five years growth in 12 months due to pandemic

Jessica Clark

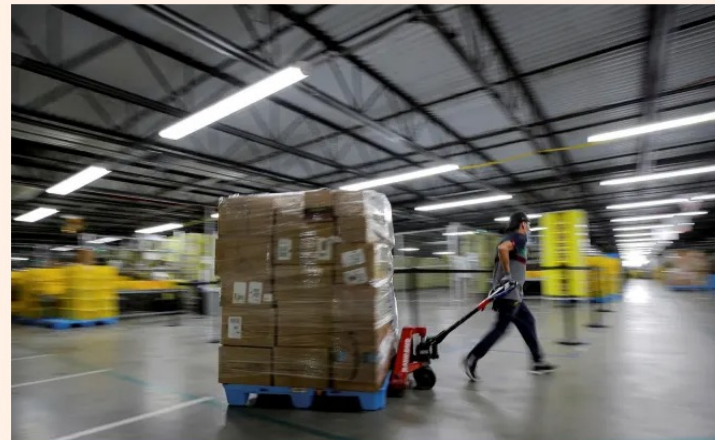


Consumers have shifted to online shopping while restrictions have been in place for physical stores (AFP via Getty Images)

FINANCIAL TIMES

Covid will trigger permanent shift to more shopping online, says Segro

Ecommerce surge a boon for UK warehouse group as it reports leap in pre-tax profits



The stockpiling of essential goods and growth in online shopping during the pandemic have resulted in high demand for warehousing facilities © REUTERS

The Guardian

Surge in online shopping eases pressure on UK retailers, says CBI

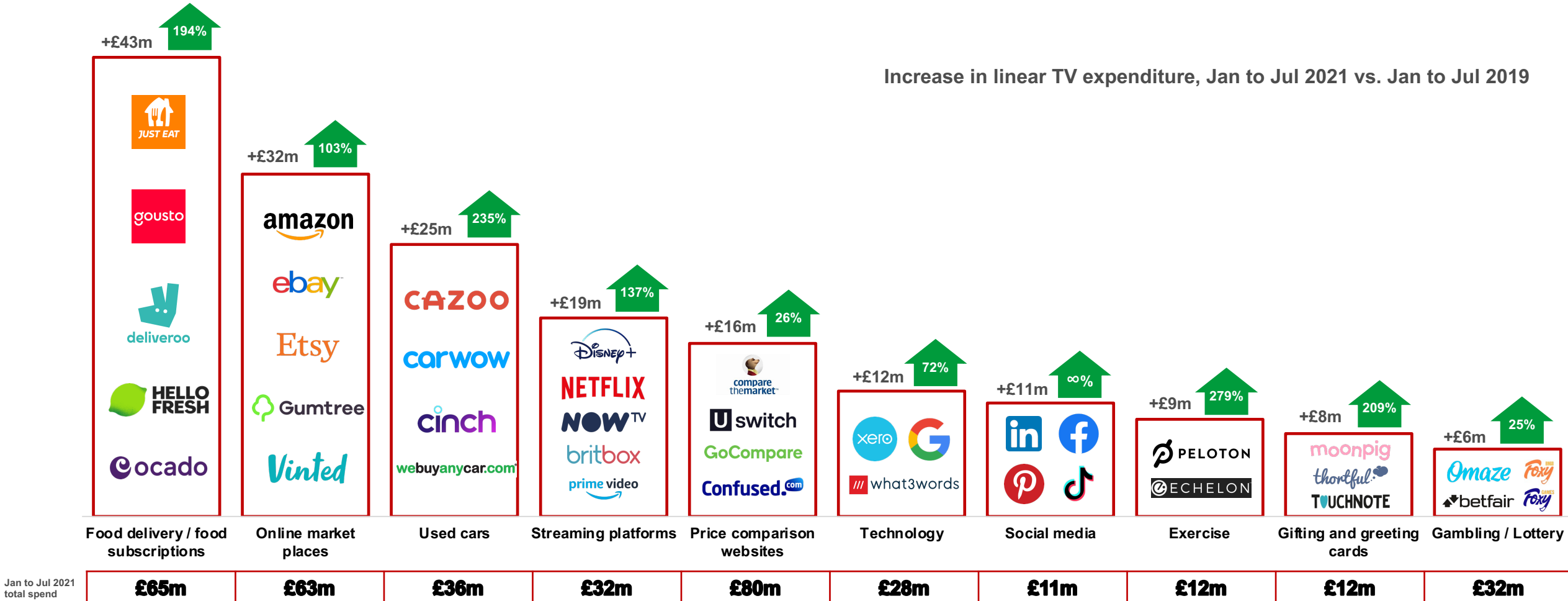
Business group says autumn lockdown not nearly as damaging to sales as Covid shutdown in spring



▲ Online shopping sales have surged, easing the misery for many retailers with a high street presence. Photograph: Victoria Clark/Alamy Stock Photo

TV is experiencing a surge in spend from 'online-born' businesses

Increase in linear TV expenditure, Jan to Jul 2021 vs. Jan to Jul 2019



Source: Nielsen, Thinkbox-created category of online-born businesses. Brands shown are not the exhaustive list, but account for the majority of spend

Our Brief



What role does TV advertising play for online businesses and when?

How does TV advertising work alongside search advertising?

How does the role for TV advertising vary by life-stage or product type?

The Solution



Business economists ***Magic Numbers*** were commissioned to conduct the analysis.

The study used a combination of qualitative interviews and econometric analysis on 10 online businesses that have successfully used TV advertising to drive growth.

Conducted qualitative interviews with senior client-side marketers and media specialists

8 hours of insight from marketers working on online brands week in week out



Xabi Izaguirre,
Parcelmonkey



Tom Beardmore,
Chamber



Simon Wilden,
Goodstuff



Cheryl Calverley,
Eve Sleep



Chris Seigal,
Harry's



Abba Newberry,
Habito



Lucas Bergmans,
Cazoo

Source: Magic Numbers, The TV playbook for online businesses (2021)

Comprehensive econometric analysis of 10 brands that have seen success through TV advertising

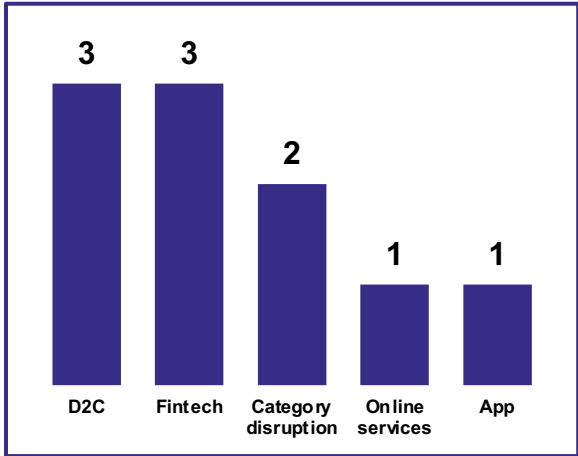
Over
120m
website visits

£106m
of spending on
TV

30 years
of advertising
experience

Source: Magic Numbers, The TV playbook for online businesses (2021)

Multiple considerations were taken into account to understand the impact of TV and other media



A range of online born business models, specifically brands that have seen success through TV advertising



Analysis conducted using data that was available to buy or access through open data sources



Limitations with platforms such as Facebook and YouTube to determine cost per response



Analysis excludes BVOD as unable to attain a three year set of data that would be required for this specific model

Data sources: Similarweb, BARB, Nielsen AdIntel, Google mobility, ONS, Google trends, CASS, SMMT, Investopedia, news articles

Findings



3 signs it's time for TV



The effects of TV on your business



TV drives cost-effective search



A 2-step approach that works

Source: Magic Numbers, The TV playbook for online businesses (2021)

3 signs it's time for TV



01: A clever new product

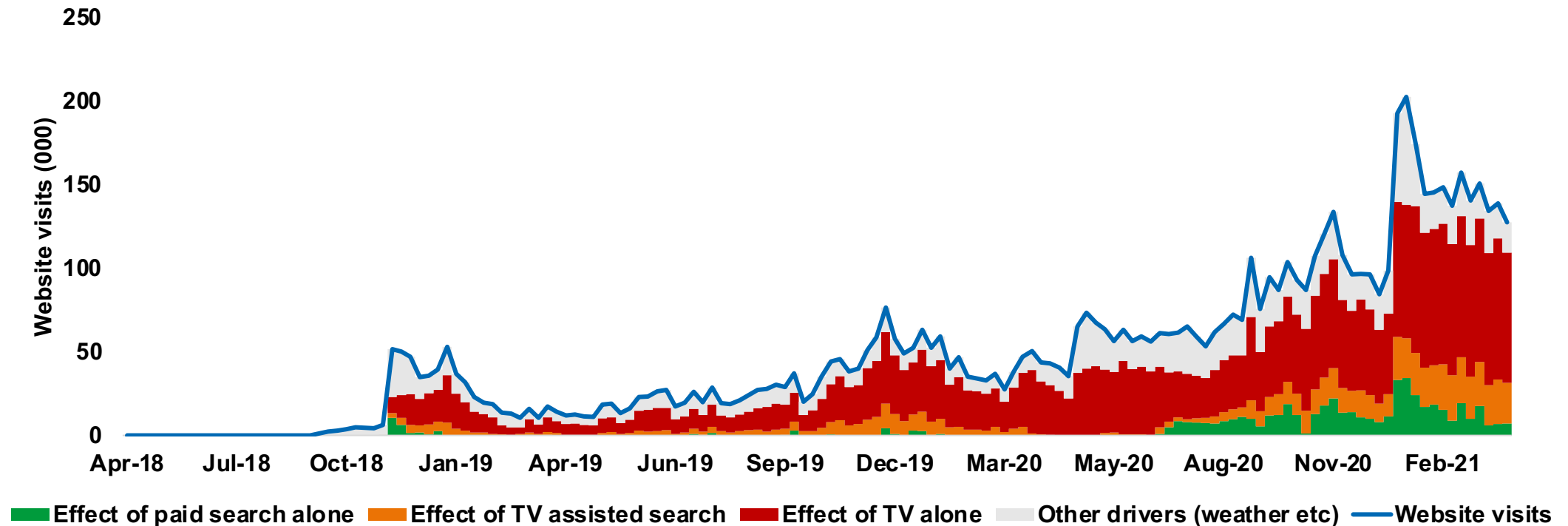
“Unless you land two or three points that explain our product you're not really going to get people to come to the website with the right level of intent in the first place. And it's hard to deliver those three messages outside of TV.”

Lucas Bergmans, Group Brand Director at Cazoo

This brand offers a home gym product + online community

They reached 200k visits per week at a cost 300 times lower than their hero product's price

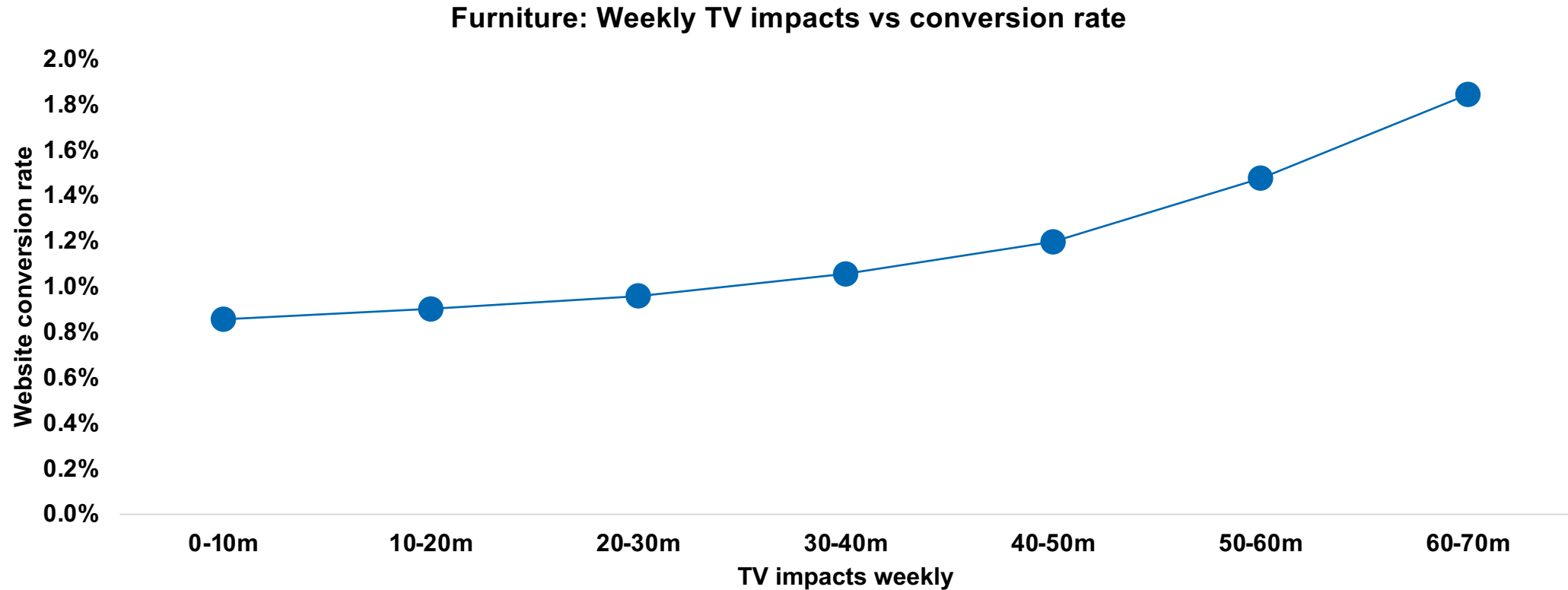
Home gym



Source: Magic Numbers, The TV playbook for online businesses (2021)

This furniture brand saw website conversion improve with TV advertising

TV brings people that understand the proposition and more likely to buy



Source: Advertiser own econometric data

02: Need to scale fast

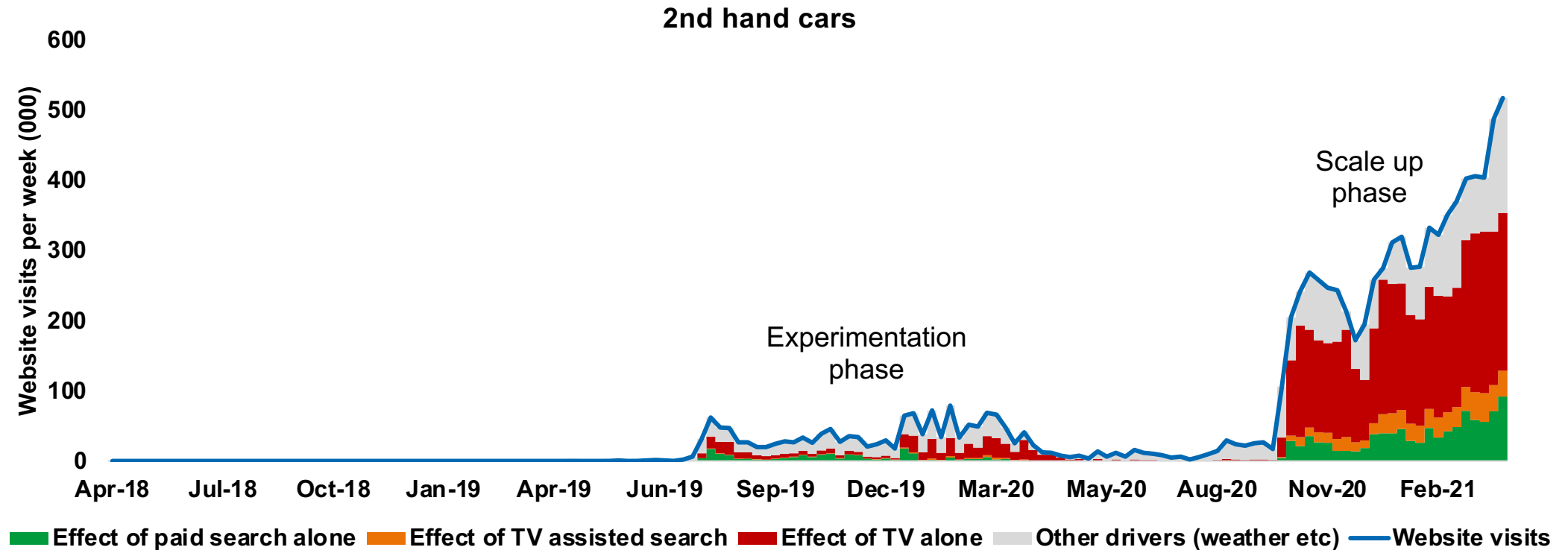
“At HelloFresh we were spending a significant amount of our marketing budget on TV every month because the category was early stage and we had well-funded competitors.

Chris Seigal, Senior Director, Direct to Consumer at Harry's Inc
previously Director of Growth, HelloFresh US

HelloFresh.co.uk

This brand is currently driving the digital disruption of 2nd hand cars

They reached 0.5m visits per week after scaling up TV spend



Source: Magic Numbers, The TV playbook for online businesses (2021)

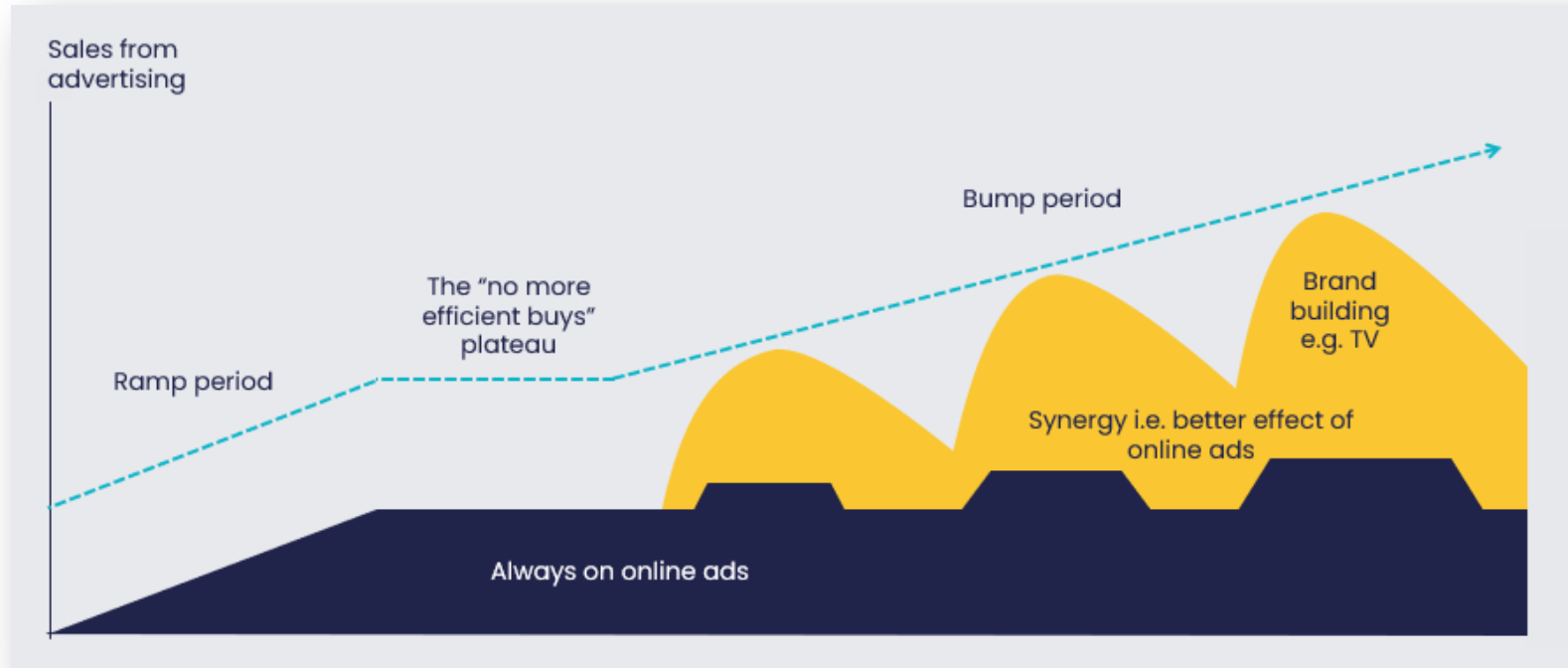
03: Run out of efficient online buys

“Your CPC goes up significantly, so your cost per engagement goes up significantly. And you’re getting over what your target CPA is. Everything’s become inefficient. And often, that’s the point where the business acknowledges, you need to start doing offline advertising.”

Tom Beardmore, Director, Chamber

A typical stage in the life of an online born business

It's a consequence of success, when you've already reached everyone that's easy to convert

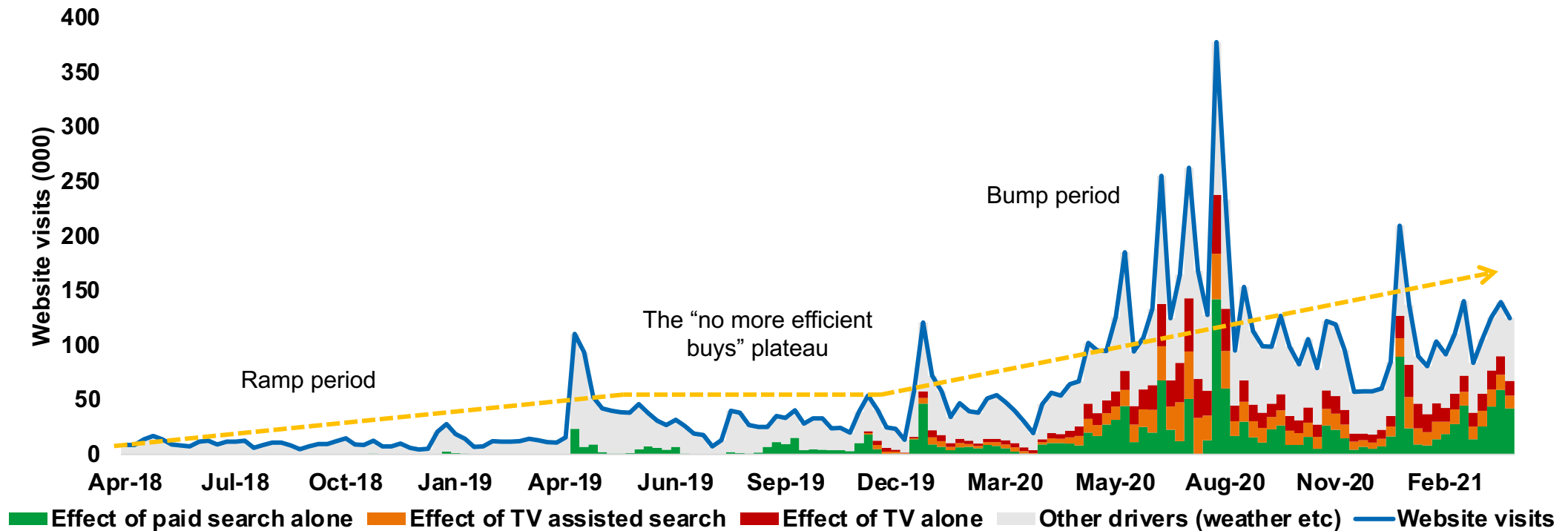


Source: Grace Kite and Tom Roach

This dieting brand broke through the plateau

By investing into TV they unlocked growth directly and through better response to paid search

Dieting



Source: Magic Numbers, The TV playbook for online businesses (2021)

Summary – 3 signs it's time for TV

- You have a clever new product – you need to educate and drive visits at the same time
- Need to scale fast - you & competitors are driving digital disruption of the category
- You've run out of efficient performance marketing buys and need to look elsewhere

Source: Magic Numbers, The TV playbook for online businesses (2021)



“Save Christmas” – eBay

The effects of TV on your business



“We have an amazing video of the founder shooting his web analytics platform the night that they ran their first TV spot. And he's with his family looking at the counter on GA and saying ‘Yeah! This many people on site!’

And you can hear him and his family, they’re cheering.”

“I’ve got a video somewhere of where we're all geeking-out because of having the TV on.

Watching the Google Analytics and just going nuts”

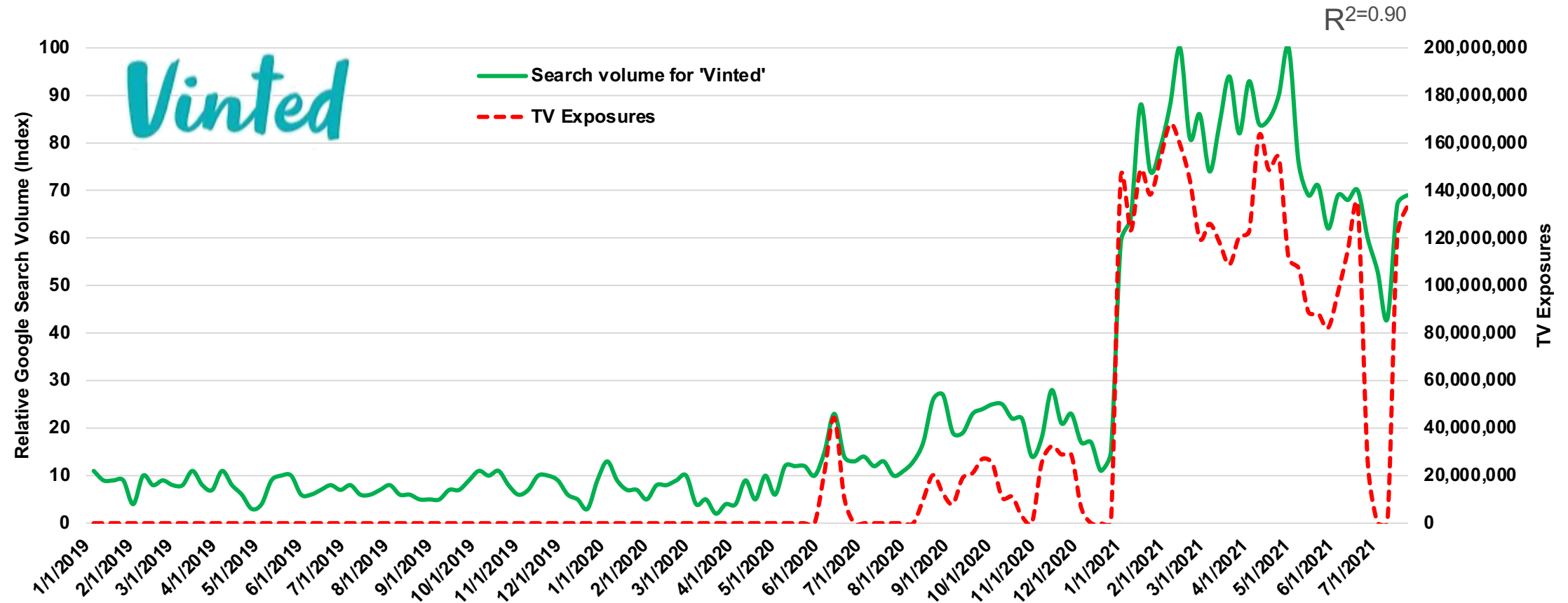
“As the spot ran we saw a huge surge in traffic and conversions.

Seeing visits shoot up, flow through our site and convert remains as exciting as the day we launched.

The excitement doesn't and shouldn't go away”

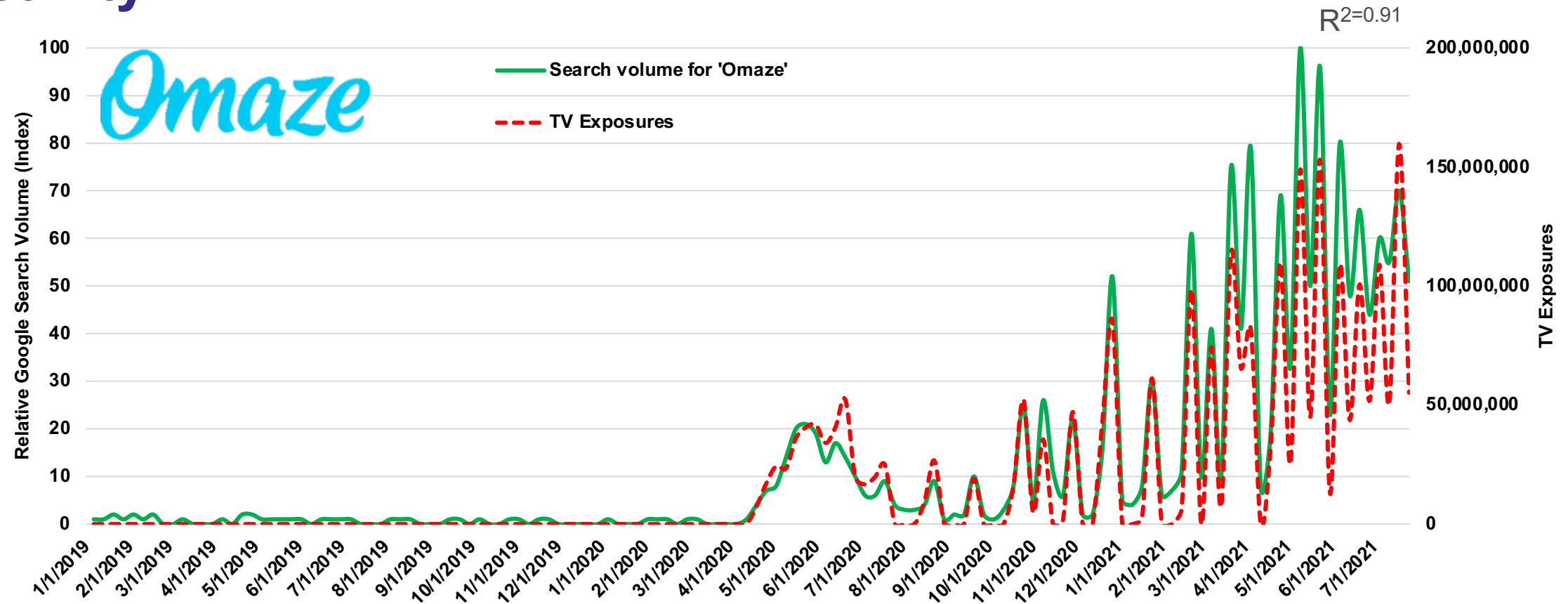
Source: Magic Numbers, The TV playbook for online businesses (2021)

TV drives immediate impact



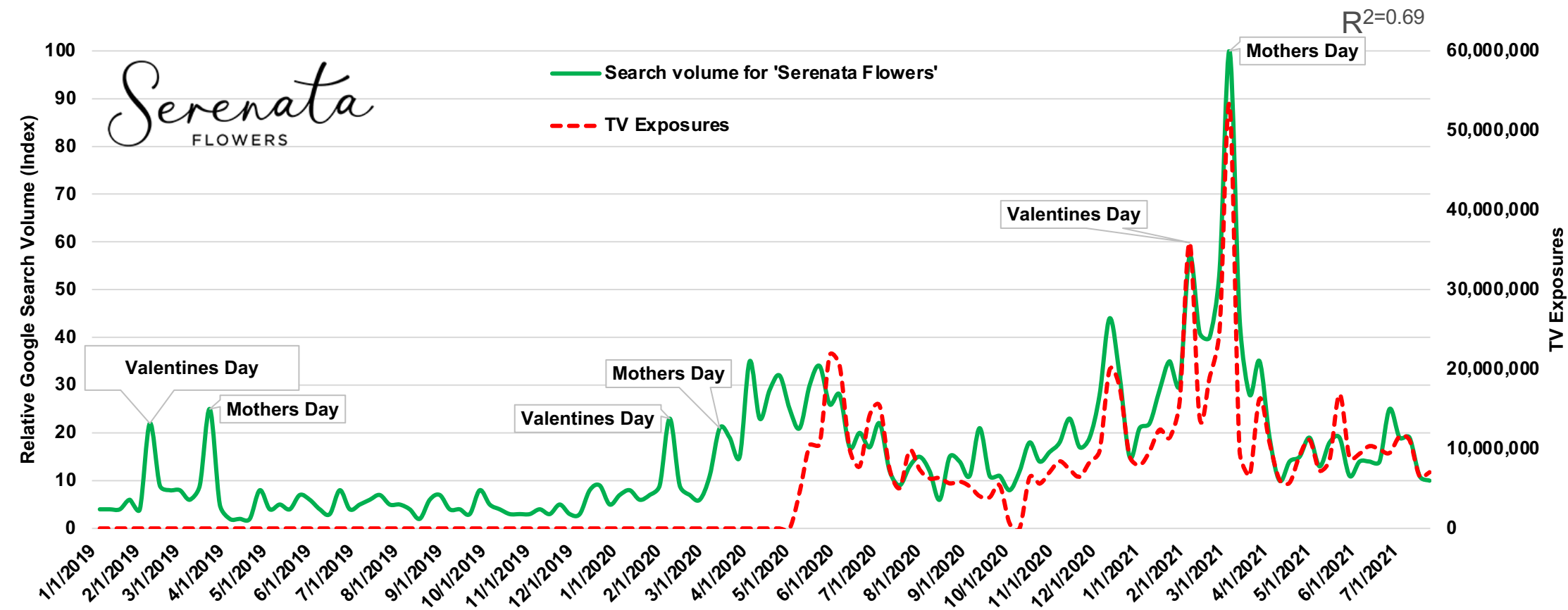
Source: BARB/Google Trends, Jan 2019 – Jul 2021

This is seen in an increase in search volume aligned with TV activity



Source: BARB/Google Trends, Jan 2019 – Jul 2021

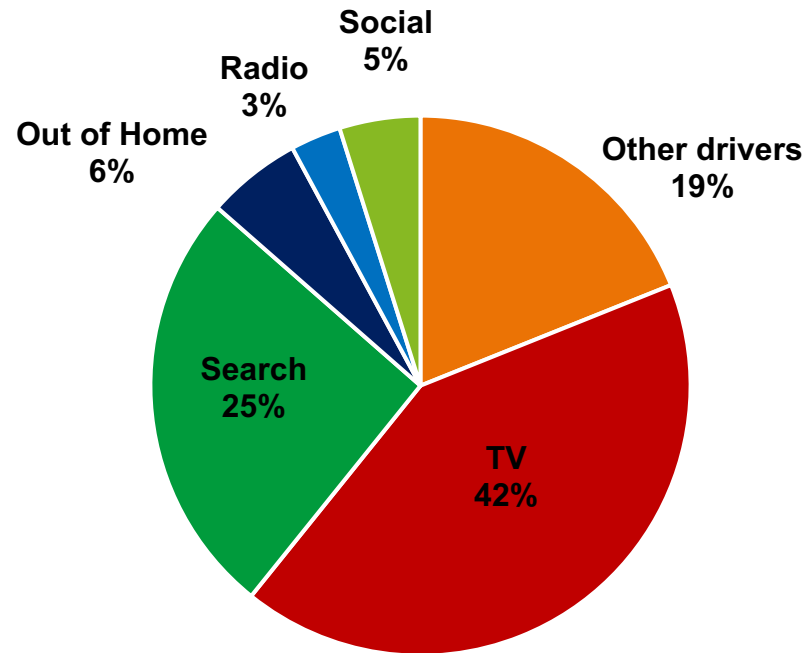
Seasonal factors also impact search volume



Source: BARB/Google Trends, Jan 2019 – Jul 2021

Across the 10 brands modelled, TV was the biggest single source of traffic

Contributing 42% of all visits, around 50m in all

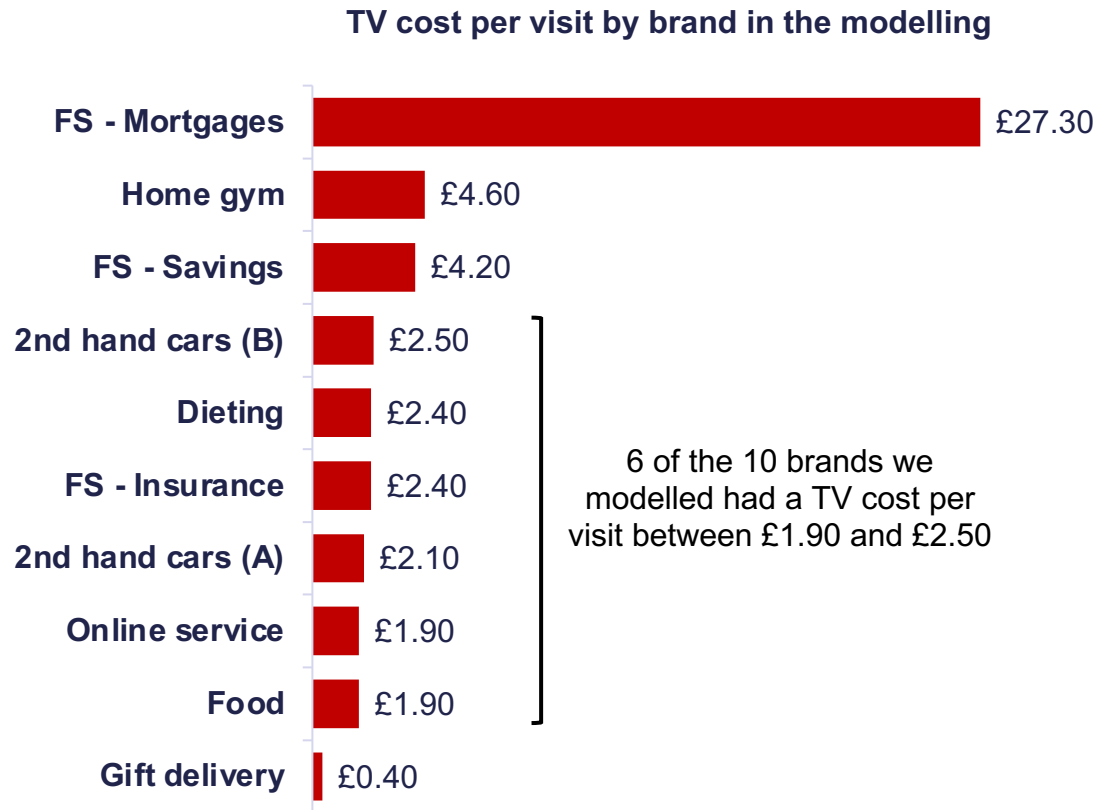


Breakdown of web visits by driver

Source: Magic Numbers, The TV playbook for online businesses (2021)

Cost per visit was £1.90-£2.50 for 6 of our 10 brands

This is a pretty good benchmark to use in planning



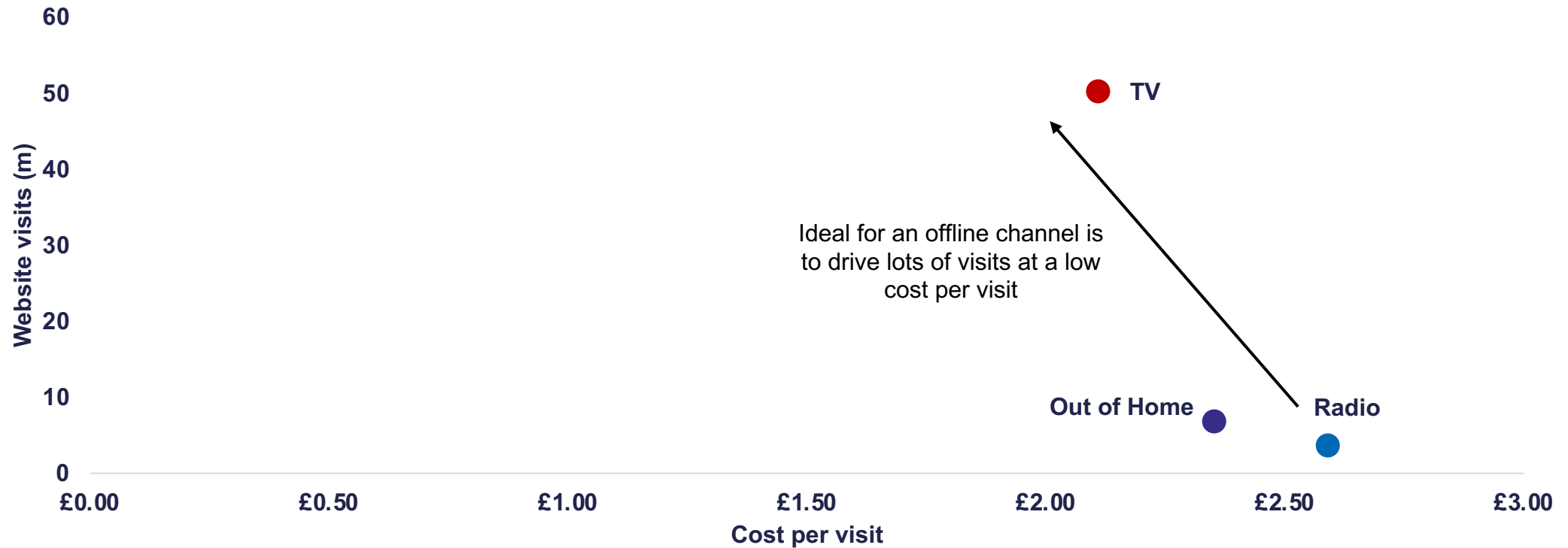
- £1.90-£2.50 is a good benchmark
- But there is variation
 - Complex financial product
 - Simple D2C highly optimised
- Compares favourably to generic search cost
 - e.g. gift delivery £1-3
 - e.g. financial services £5-11

Source: Magic Numbers, The TV playbook for online businesses (2021), Google Ads, FS – Financial Services

Additionally TV provides scale in a way that other offline channels can't

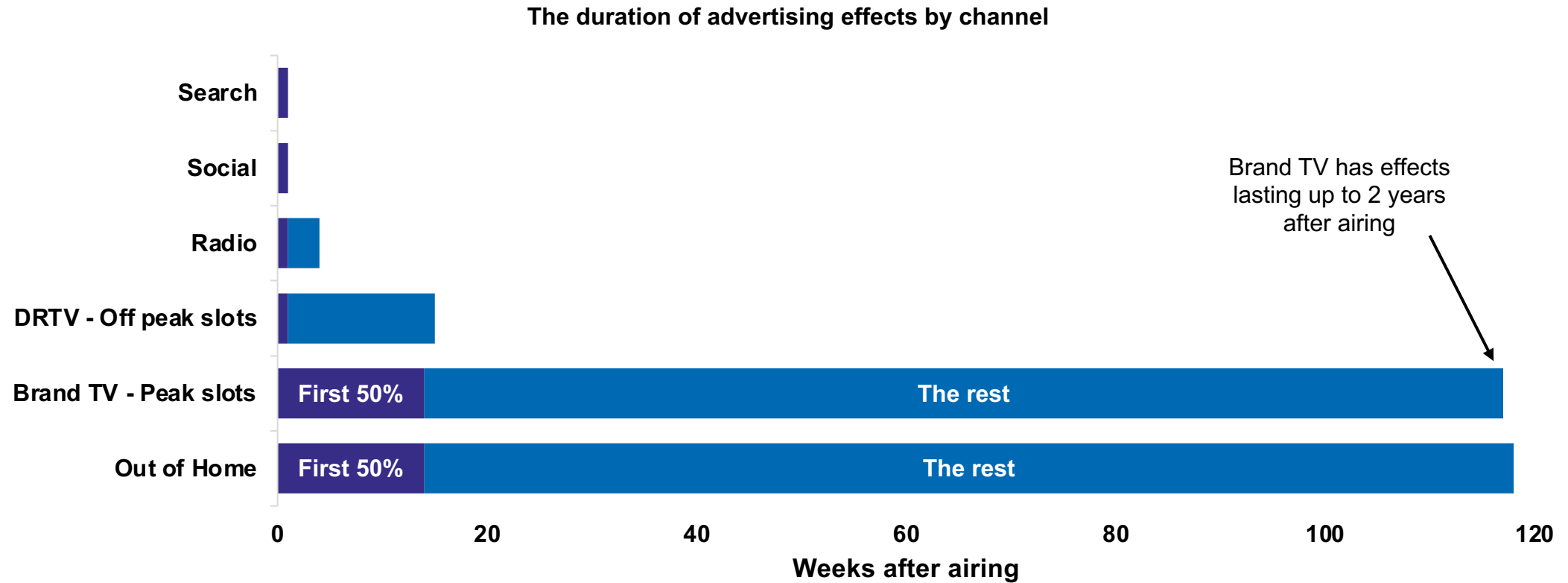
It's because TV has higher reach – 68% of adults watch ads on live TV every day

Website visits and cost per visit by channel

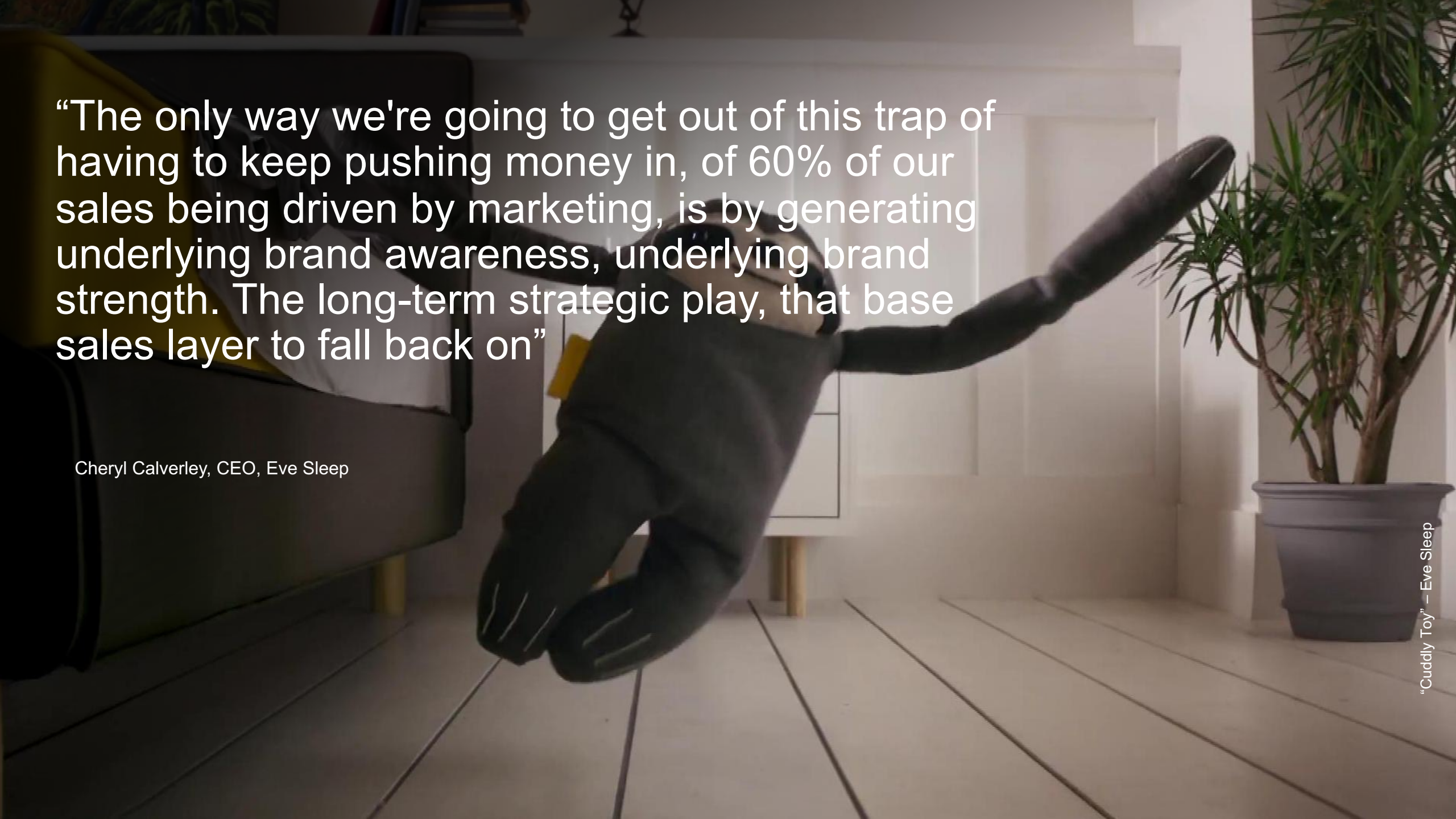


Source: Magic Numbers, The TV playbook for online businesses (2021)

TV has the longest-lasting effects



Source: Magic Numbers, The TV playbook for online businesses (2021)



“The only way we're going to get out of this trap of having to keep pushing money in, of 60% of our sales being driven by marketing, is by generating underlying brand awareness, underlying brand strength. The long-term strategic play, that base sales layer to fall back on”

Cheryl Calverley, CEO, Eve Sleep

Summary – The effects of TV on your business

- An immediate response visible in your dashboards
- A big effect at a cost per visit comparable to that of search advertising
- Lasting ad effects that grow base sales

Source: Magic Numbers, The TV playbook for online businesses (2021)



“Give It Some” – Gousto

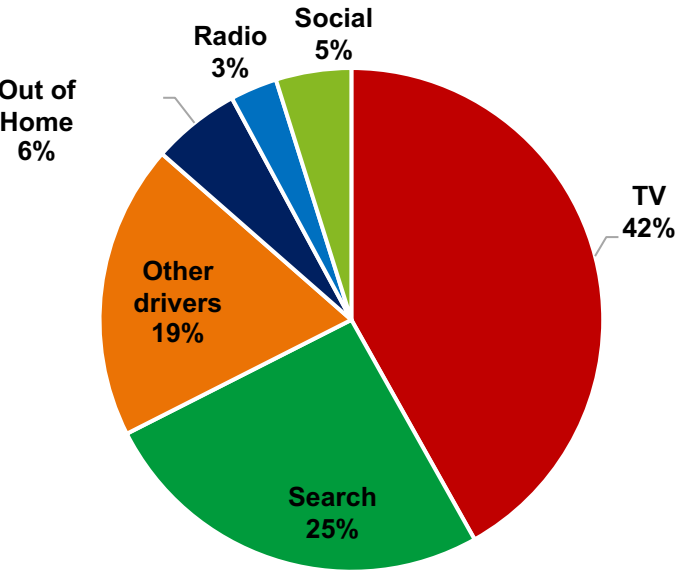
A man and a woman are sitting on a dark grey couch in a modern living room. The man, wearing a blue and green plaid shirt, is holding a smartphone and looking at it. The woman, wearing a pink cardigan over a grey top, is looking at the phone with him. The background shows a bookshelf with books and plants, and a coffee table in the foreground.

TV drives cost-effective search

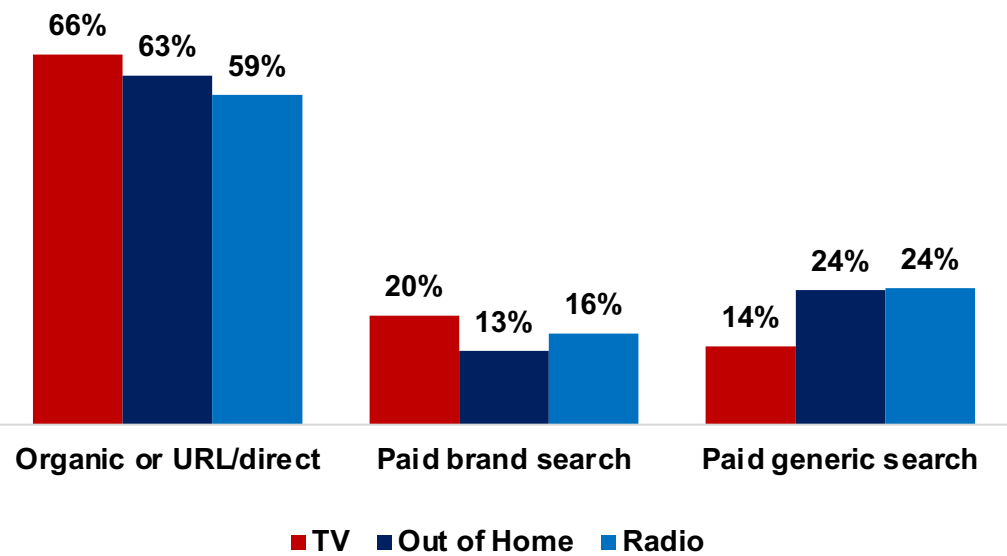
Most online journeys prompted by TV involve your brand name early

Which means more cost effective search performance

Breakdown of web visits by driver



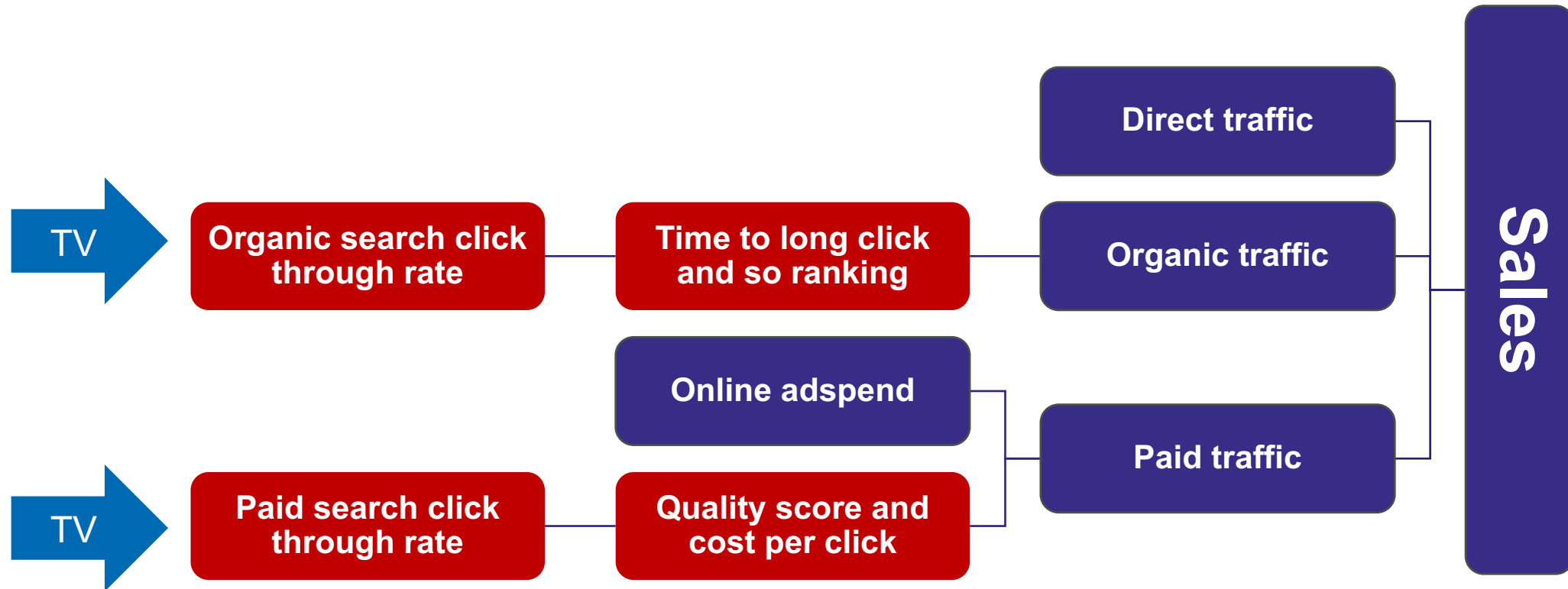
The journeys initiated by ATL channel



Source: Magic Numbers, The TV playbook for online businesses (2021)

Click through rates are important

Directly, and because the Google algorithms respond



Source: Magic Numbers, The TV playbook for online businesses (2021)

Brand paid search environment is not a level playing field

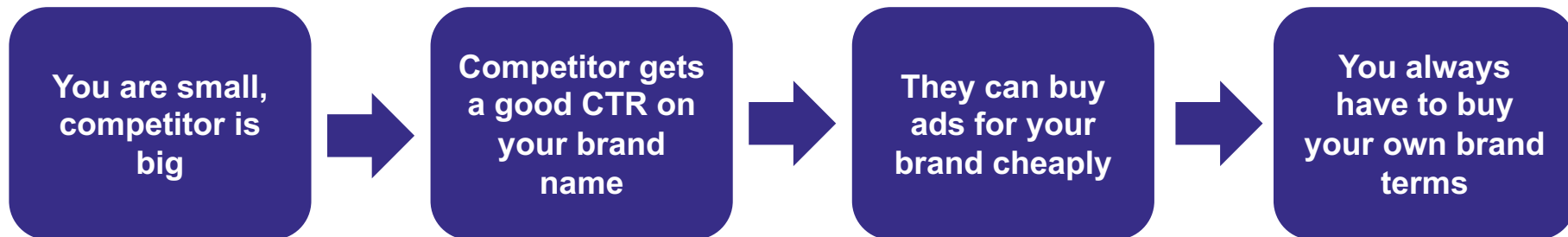
It's much harder to be a smaller, less well known brand

“New e-commerce brands haven't been bought by people, or their families, or their friends.

People see them on telly, but if, when they go to Google that brand name, they see a name they recognise more they'll choose that instead.

Why would you choose Bloom and Wild if M&S or Interflora is there?”

Cheryl Calverley, CEO, Eve Sleep



Source: Magic Numbers, The TV playbook for online businesses (2021)

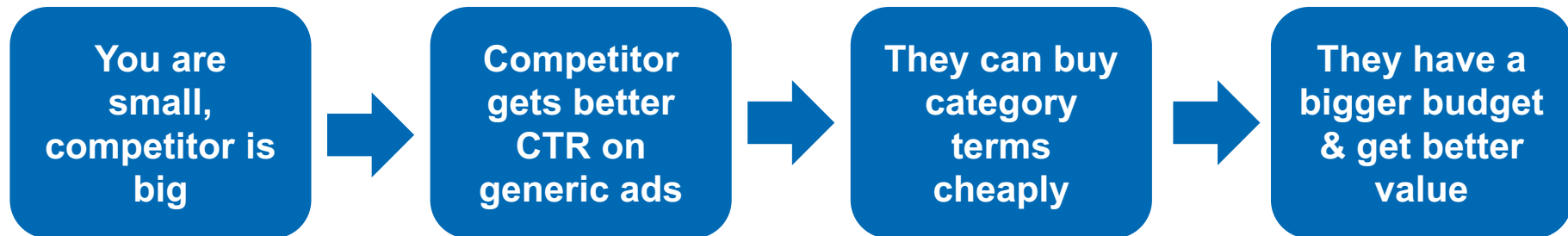
The situation is even worse in generic search

Being small is even harder here

“The big guns come in and competitor x does a campaign

And then you're talking about millions of pounds coming into the PPC market that we can't keep up with.”

CMO, ecommerce brand



Source: Magic Numbers, The TV playbook for online businesses (2021)

Summary – TV drives cost-effective search

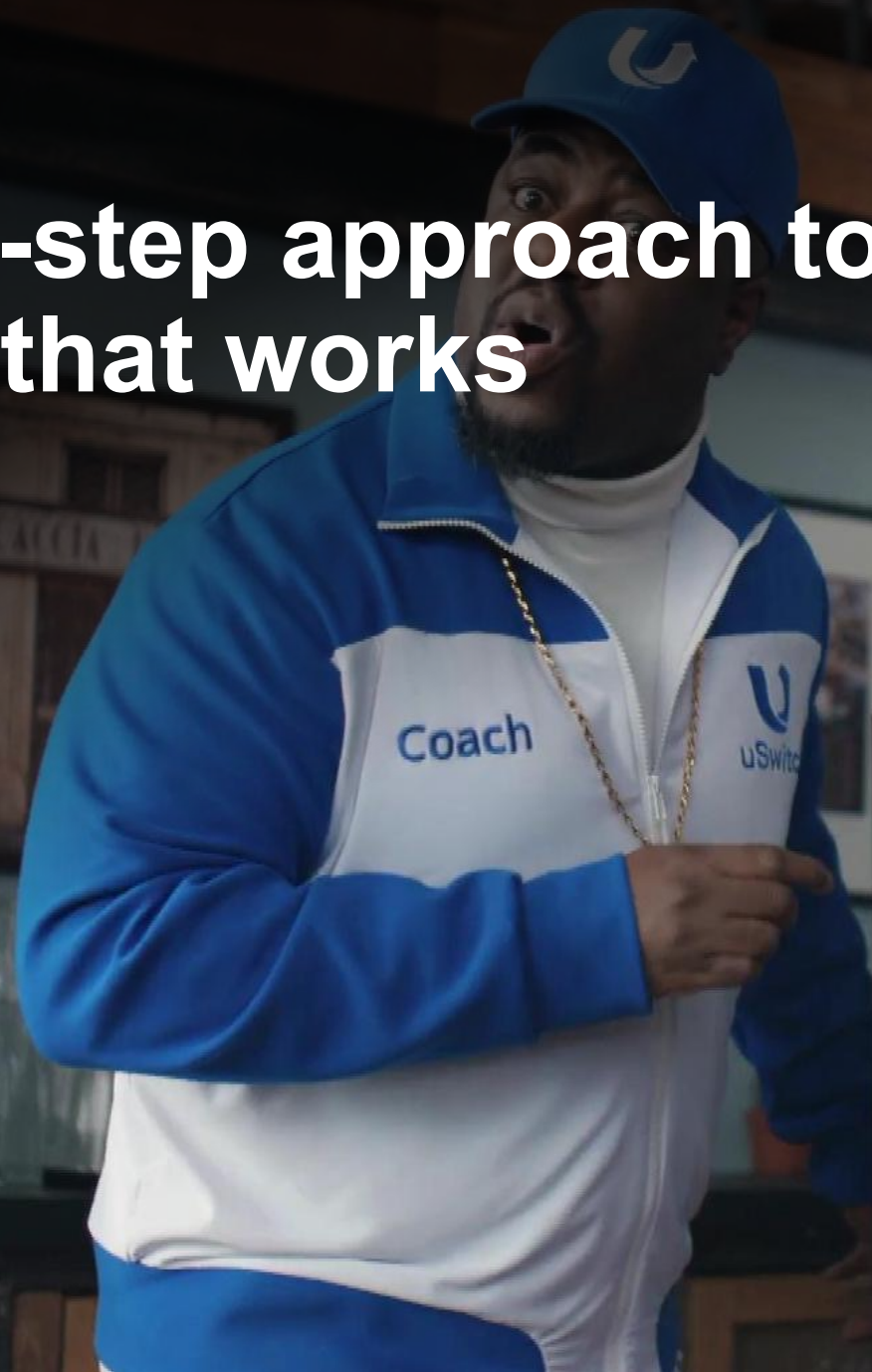
- TV drives cost effective web visits because it prompts people to look for your brand not the category

Source: Magic Numbers, The TV playbook for online businesses (2021)



“Big Sis” – Bloom & Wild

A 2-step approach to TV that works



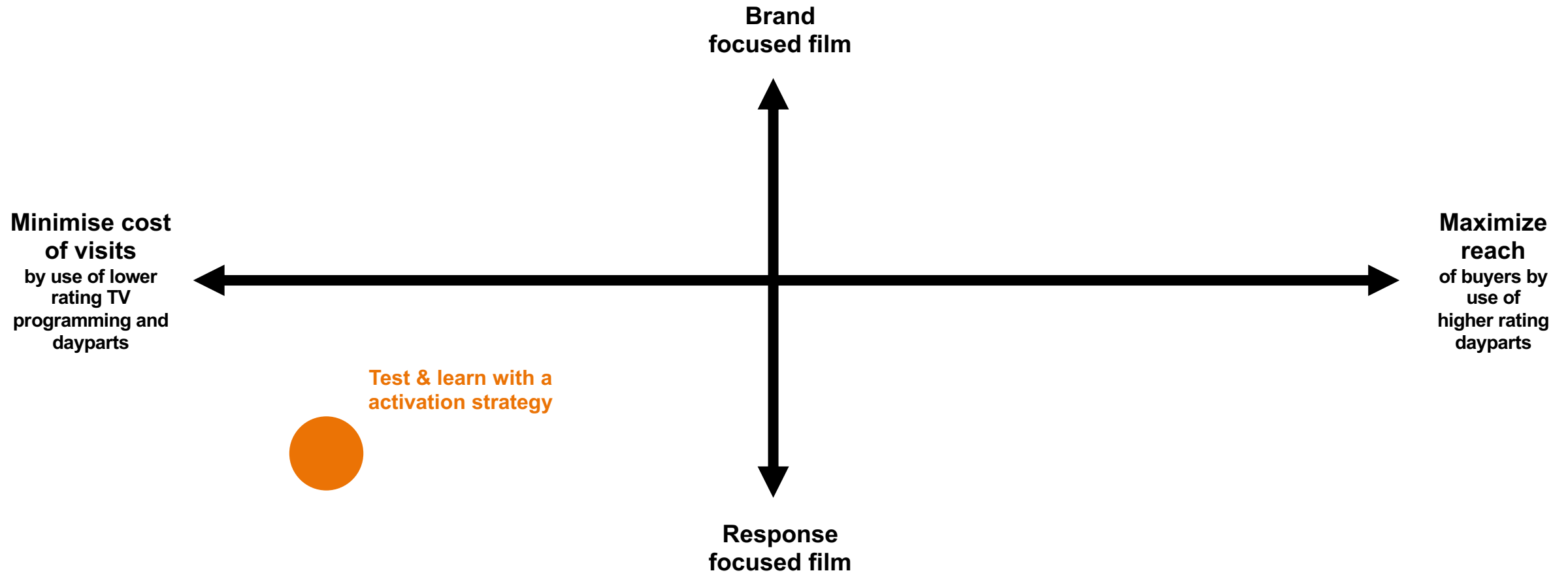
You

Saving

**Start with TV that
allows test and learn**

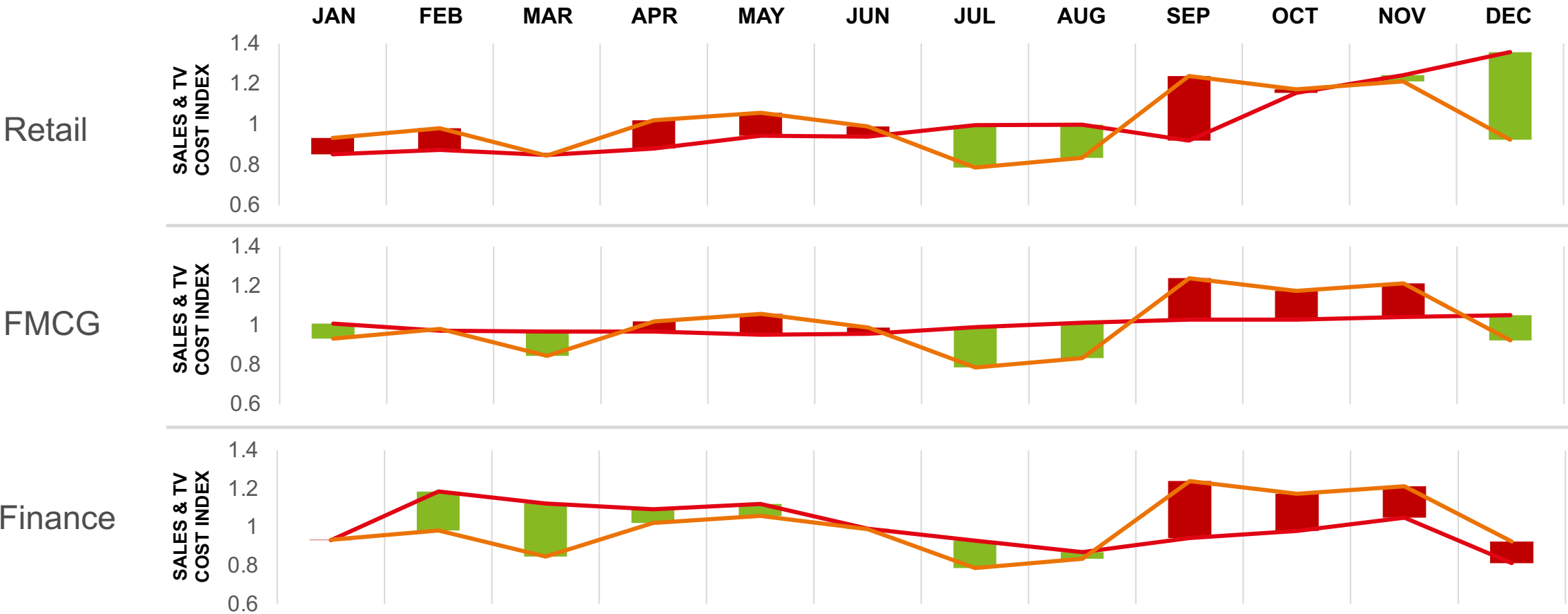


Start by targeting low cost visits with an activation film



Source: Magic Numbers, The TV playbook for online businesses (2021)

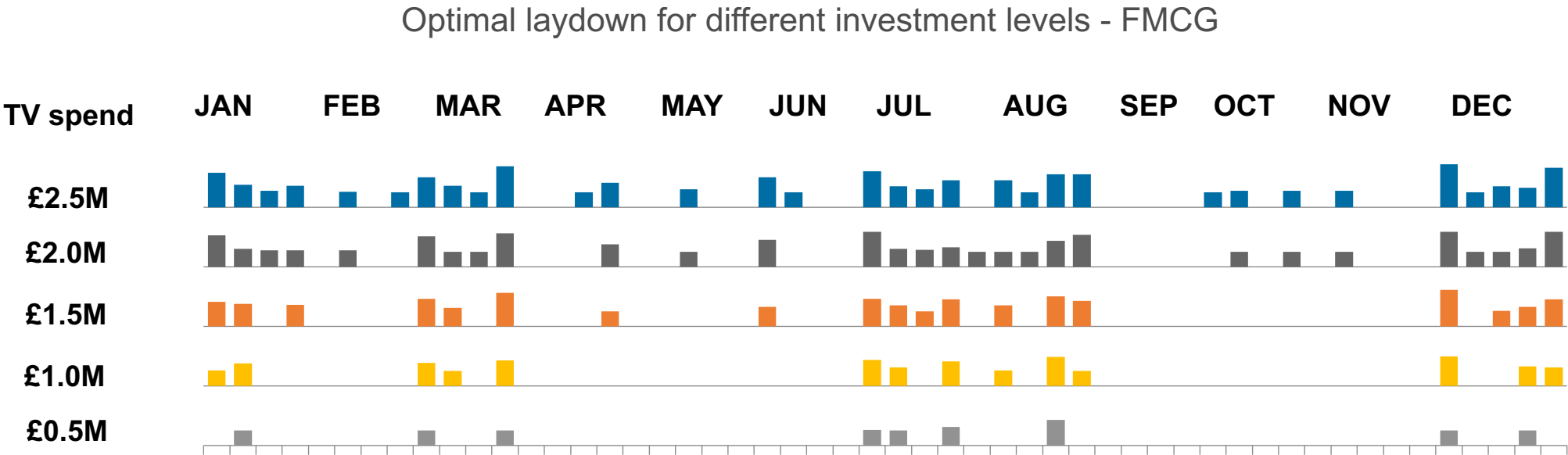
Take advantage of seasonal peaks & cheaper TV periods



Source: 'Supercharge: TV for small businesses', May 2019, Data2Decisions/Work/Thinkbox. Data2Decisions database of smaller brands

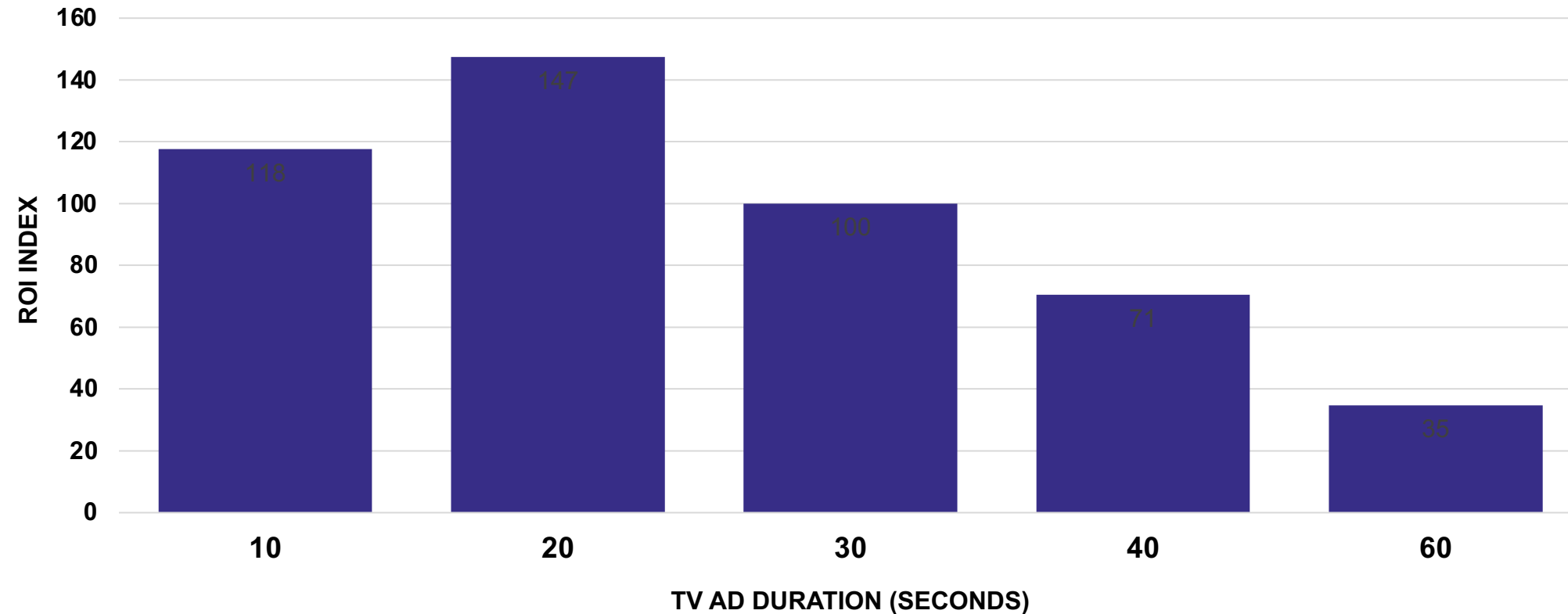
— Sales index — TV cost index

Start with low budget bursts & build up presence



Source: 'Supercharge: TV for small businesses', May 2019, Data2Decisions/Work/Thinkbox. Data2Decisions optimisations based on database of smaller FMCG brands

Shorter TV ads can deliver greater ROI for small advertisers



Source: 'Supercharge: TV for small businesses', May 2019, Data2Decisions/Work/Thinkbox. Data2Decisions database of smaller brands. Base = 30s

Awareness helps activation work harder for new to TV advertisers

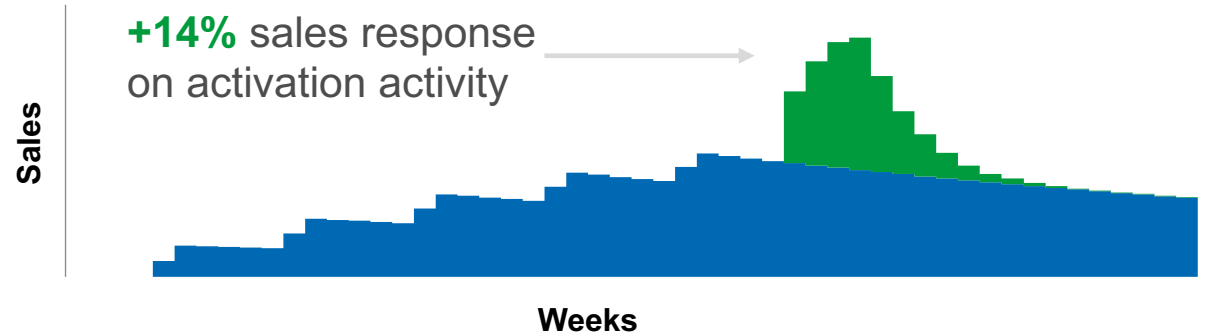
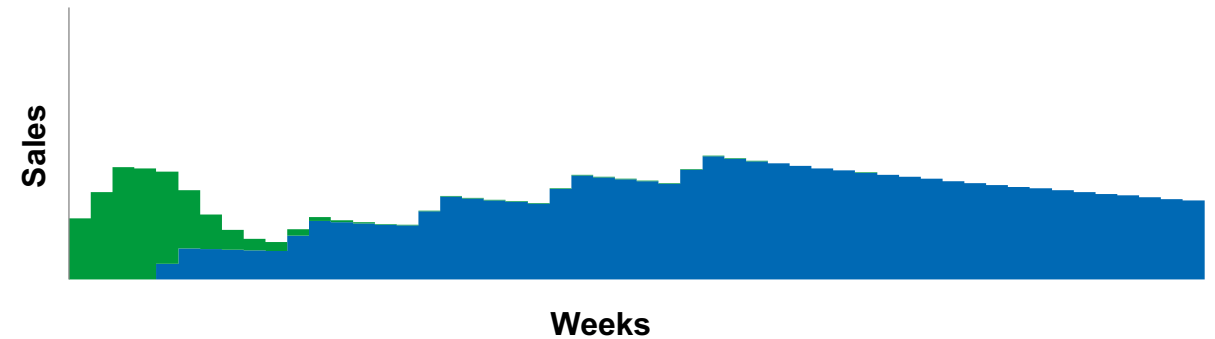
The primary role of TV (Especially for newer or smaller businesses) should be to drive **brand awareness**.

Once a brand becomes familiar to people, **activation** messages that deliver a call to action or highlight offers or promotions, become more effective too.

The research found that there's **+14% increase** in effectiveness if activation messages follow branding campaigns.

Based on an average small retail brand with annual brand TV spend of £0.5m and tactical TV spend of £200k

■ Activation message
■ Awareness message



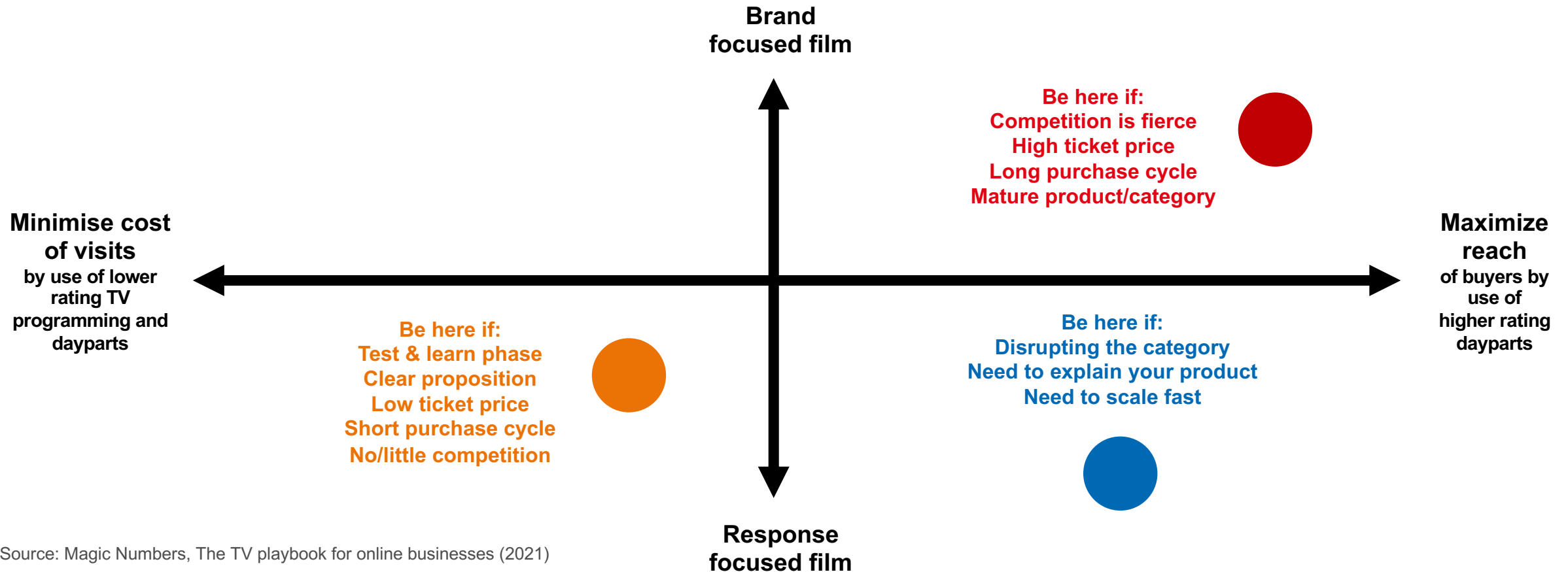
Source: 'Supercharge: TV for small businesses', May 2019, Data2Decisions/Work/Thinkbox. Data2Decisions database of smaller brands.

**There is a right way to shift into
brand focussed advertising**



The right strategy depends on your circumstances

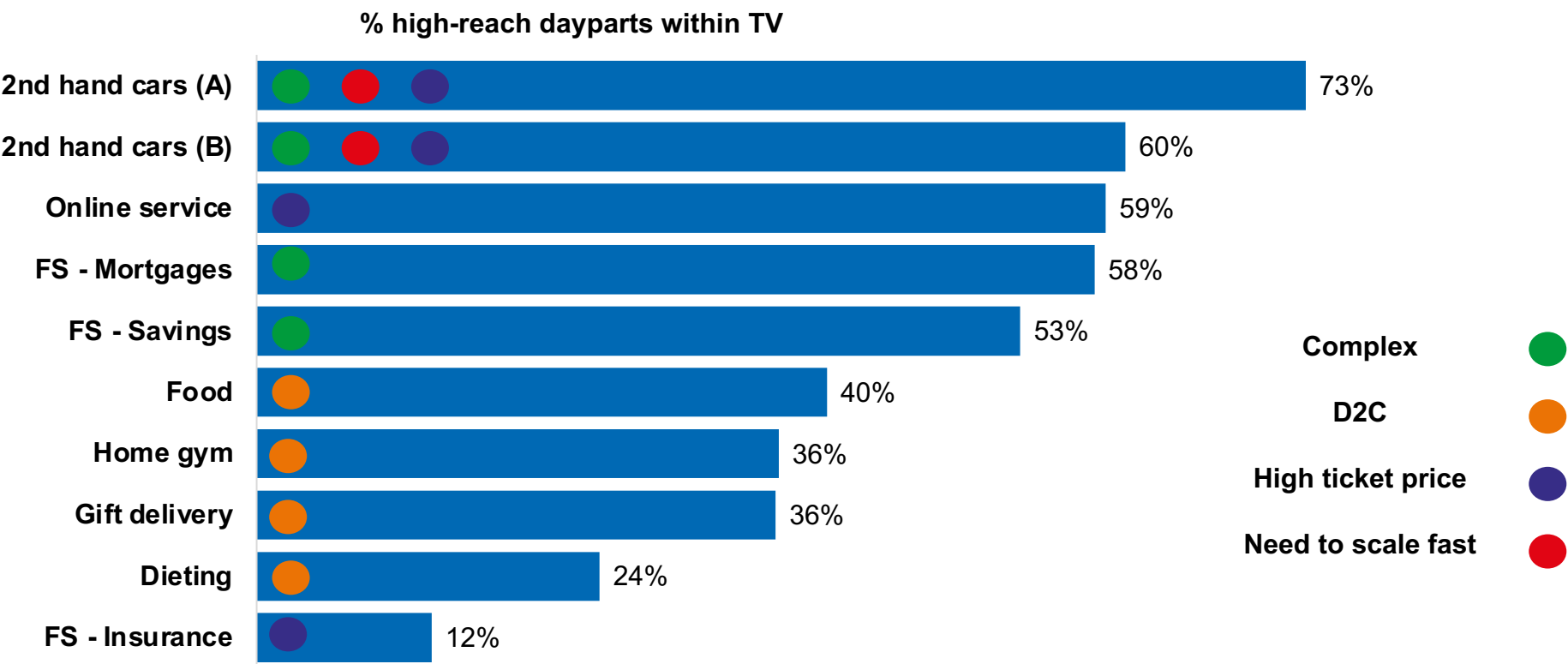
This insight was provided by media agencies Goodstuff and Chamber



Source: Magic Numbers, The TV playbook for online businesses (2021)

Our successful TV-using brands generally mixed activation and brand TV

With the mix in line with the approach we just saw



Source: Magic Numbers, The TV playbook for online businesses (2021), FS – Financial Services

Summary – A 2-step approach to TV that works

- Start with acquisition/response focused TV that allows test and learn.
- Depending on your brands circumstances, there is a right way to shift into brand and reach focussed advertising, which will likely involve working with agencies and using a different strategic approach.

Source: Magic Numbers, The TV playbook for online businesses (2021)



“Midas Touch” – Purple Bricks

In summary



3 signs it's time for TV



The effects of TV on your business



TV drives cost-effective search



A 2-step approach that works

Source: Magic Numbers, The TV playbook for online businesses (2021)